

# THE AMERICAN HEALTH CARE ACT

## Understanding Age Rating

Our plan will strengthen the health care market by loosening Obamacare's age-rating ratio, which is used to adjust premium amounts according to an individual's age.

Obamacare mandated that the cost of the most generous plan for older patients can only be three times what younger consumers pay for the least generous plan. This unrealistic regulation is leading to insurance pools with older, less healthy individuals, while driving younger and healthier Americans from the insurance market.

The ill-advised three-to-one policy is leading to artificially higher premiums for millions of Americans, especially younger and healthier patients. This year, people who purchased insurance through Obamacare's individual marketplace saw their monthly premiums increase by an average of 25 percent.

Loosening the age-rating restriction will help. Take Maine, a state where the health care market was facing a long-term death spiral. Even before Obamacare, they offered guarantee issue and pre-existing condition protections. To stabilize their market, Maine had an invisible high-risk pool and they loosened their age ratio from 1.5-to-one to three-to-one.

**"As a result of these changes, individuals in their early 20s were able to see premium savings of nearly \$5,000 per year, while individuals in their 60s saw savings of more than \$7,000,"** a board member of Maine's invisible high-risk pool recently wrote in *Health Affairs*. **"As premiums dropped, more young and healthy applicants entered the market, total enrollment increased for the primary insurer in the market, and the individual market's multi-year death spiral was finally reversed."**

Our plan gives states the flexibility and resources to experience these same results.

The real cost of care by age is roughly 4.8-to-one, according to health economists. Our plan accepts this reality, loosening the ratio to five-to-one and giving states the flexibility to set their own ratio.

Obamacare failed to make health coverage more affordable for the majority of Americans. Instead it has increase costs, reduced access to providers and restricted patients' ability to choose the coverage that works best for them and their families. To protect older Americans, our plan will also provide a more generous tax credit to older Americans purchasing coverage in the individual market.

Age-rating reform will help more young enrollees get health care and improve the deteriorating individual insurance market for everyone. This flexibility will allow young, healthy patients to join the health insurance marketplace, stabilizing risk pools, allowing insurers to offer patients more options, breeding competition, and driving down costs for everyone.

## THE GOALS:



**Pull health insurance markets out of a 'death spiral' by encouraging more young people to purchase health coverage**



**Encourage more health coverage options to help drive down costs for everyone**